BEFORE THE INSURANCE DEPARTMENT
OF THE
COMMONWEALTH OF PENNSYLVANIA

Statement Regarding the Acquisition of Control of or Merger with
Domestic Insurers:

Highmark Inc.; First Priority Life Insurance Company, Inc.;
Gateway Health Plan, Inc.; Highmark Casualty Insurance Company;
Highmark Senior Resources Inc.; HM Casualty Insurance Company;
HM Health Insurance Company, d/b/a Highmark Health Insurance Company;
HM Life Insurance Company; HMO of Northeastern Pennsylvania, Inc.,
d/b/a First Priority Health; Inter-County Health Plan, Inc.;
Inter-County Hospitalization Plan, Inc.; Keystone Health Plan West, Inc.;
United Concordia Companies, Inc.; United Concordia Dental Plans of Pennsylvania, Inc.;
United Concordia Life and Health Insurance Company

By UPE, a Pennsylvania nonprofit corporation

SUPPLEMENTAL RESPONSE TO INFORMATION REQUEST 3.5
FROM THE PENNSYLVANIA INSURANCE DEPARTMENT

Information Request 3.5:

Provide a full and complete copy of any communication (whether by letter, e-mail or otherwise) and/or other document provided to and/or received from any governmental or regulatory entity related to the Transaction that is not otherwise required to be submitted in connection with this PID Information Request. "Governmental or regulatory entity" includes, but is not limited to, the Pennsylvania Attorney General's Office, the Pennsylvania General Assembly, departments or agencies of the Commonwealth (other than the Pennsylvania Insurance Department), other state insurance departments, the United States Department of Justice, the Federal Trade Commission, other departments or agencies of the United States or any other state, and any political subdivision or other governmental unit.

RESPONSE:

Attached is additional correspondence sent to or received by local counsel with respect to change of control filings required by other state insurance departments.

UPE
120 Fifth Avenue
Pittsburgh, PA 15222

Exhibit E-1

United Concordia Dental Plans of California, Inc.
DMHC File No: 933-0046
Amendment to Notice of Material Modification
Re: Change of Control

March 1, 2013

PUBLIC

NARRATIVE DESCRIPTION OF FILING

This Amendment to Notice of Material Modification Re: Change in Control (the "Amendment") is filed by **United Concordia Dental Plans of California, Inc.**, a California corporation (the "Plan") to provide to the California Department of Managed Health Care (the "Department") revised financial projections (the "Revised Projections") of the Plan's parent company, Highmark Inc. ("Highmark") that were filed as Attachment 4 to E-1 in the December 16, 2011 Notice of Material Modification Re: Change in Control (the "Original Filing").

Request for Confidential Treatment

Pursuant to Section 1007 of Title 28 of the California Code of Regulations ("Rule 1007"), **United Concordia Dental Plans of California, Inc.**, (the "Plan") requests confidential treatment of certain confidential and proprietary information contained in documents filed in connection with the Plan's Amendment to Notice of Material Modification Re: Change in Control (the "Amendment").

A. Statement Identifying the Subject of the Request for Confidential Treatment (the "Request")

The Plan requests confidential treatment of the confidential and proprietary information filed herewith as described below (the "Confidential Information"):

Exhibit	Description
Exhibit E-1 (Confidential)	Narrative Description of Filing
Attachment 4 to Exhibit E-1 (Confidential)	Highmark Inc. Financial Projections

The grounds for requesting confidential treatment of the Confidential Information are discussed below in Section C.

B. Statement Specifying the Provisions Pursuant to which the Request is Made

The Confidential Information is entitled to confidential treatment pursuant to Rule 1007(a), which provides that the Department will keep information submitted by a plan confidential if: (1) public inspection of such information is not necessary for the purposes of the law under which it was filed; *and* (2) the information is proprietary or of a confidential business nature, including but not limited to trade secrets, that have been confidentially maintained, and the release of the information would be damaging or prejudicial to the business concern; *or* (3) the information is such that the private and/or public interest is served in withholding the information.

C. Statement of the Grounds upon which the Request is Made

1. Public Inspection of the Confidential Information is Not Necessary

Rule 1007(a) provides that the Department will keep information confidential if public inspection of such information is not necessary for the purposes of the law under which the information was provided. Public inspection of the Confidential Information is not necessary for the purposes of the Knox-Keene Health Care Service Plan Act of 1975 (the "Knox-Keene Act") because:

- The Plan is not a party to the Affiliation Agreement described in the Amendment;
- The revised financial projections contained in the Amendment concern a parent entity of the Plan;
- The revisions reflected in the revised financial projections will not have a material effect on the Plan;
- The revised financial projections are revisions to projections which were previously granted indefinite confidential treatment by the Department in the Notice of Material Modification filed on December 16, 2011.

In addition, the substantial majority of the Confidential Information consists of information regarding persons or entities that are affiliates of the Plan ("Affiliates") rather than to the Plan itself, and such Affiliates are not licensed under the Knox-Keene Act. Since the Affiliates do not hold a Knox-Keene license and are not regulated by the Department, the Affiliates are not themselves required to file the Confidential Information with the Department pursuant to the Knox-Keene Act, and they are not required to otherwise publicly disclose the Confidential Information. However, the Plan is filing the Confidential Information of the Affiliates with the Department at the Department's request. Release of the Confidential Information concerning the Affiliates would act as a penalty for their affiliation with a Knox-Keene licensee.

The Plan acknowledges that the public has an interest and right to access information concerning the conduct of government agencies such as the Department pursuant to the California Public Records Act (codified at Government Code Section 6250, *et seq.*). However, the Department will be able to conduct its review of the Confidential Information and perform its obligation with respect to the Amendment without public disclosure of the Confidential Information. It is not necessary for the public to inspect the Confidential Information when public disclosure of such information would be harmful to the business of the Plan or its Affiliates (collectively hereinafter, the "Parties"). For these reasons and the reasons discussed below, public inspection is not necessary for the purposes of the Knox-Keene Act.

2. The Confidential Information is Proprietary or of a Confidential Business Nature, has been Confidentially Maintained, and its Release would be Damaging or Prejudicial to the Business Concern

The Parties maintain the Confidential Information confidentially, and employ extensive worksite security procedures, data protection systems, and confidentiality policies to prevent access to the Confidential Information by unauthorized personnel. The Plan has only released the Confidential Information to the Department for the purpose of the Amendment. As discussed below, the Confidential Information is proprietary and of a confidential business nature, and would be damaging and prejudicial to the Parties if publicly released. The Confidential Information is therefore entitled to confidential treatment under Rule 1007(a).

3. The Private and Public Interest is Served in Withholding the Confidential Information from Public Inspection

As discussed below, the Confidential Information consists of confidential, sensitive, and proprietary information of the Parties, the public disclosure of which would substantially harm the interests of the Parties. The interest in maintaining the confidentiality of the Confidential Information clearly outweighs the public interest in disclosure, and the private and public interests are served by withholding the Confidential Information from public inspection.

(a) Sensitive Business, Proprietary, and Financial Information

The Confidential Information contains sensitive and proprietary business and financial information of the Parties. The Confirmation Information includes, among other things:

- Sensitive financial and business terms of the Affiliation Agreement, which were developed at the expense and effort of the Parties, and are the result of lengthy negotiations;
- Identification of certain relationships between the Parties indicative of the strategy and manner in which the Parties conduct and structure their businesses;
- Sensitive financial projections and analyses of the Parties; and,
- Compilations of information which are not publicly available in aggregated form and which provide insight into the businesses of the Parties.

Public disclosure of such Confidential Information would be damaging and prejudicial to the Parties because, among other things:

- Disclosure would afford competitors undue insight into the confidential aspects of the business of Parties, including the Parties' financial information that is not publicly available;
- The information could be misused by competitors to present a distorted picture of the Parties;

- Disclosure would put the Parties at a competitive disadvantage because similar information regarding competitors of the Parties would not be available in the public domain; and,

- The information could provide insight on the operations of the Parties which could be used by competitors of the Parties and other interested persons to interfere with existing and future business plans of the Parties.

(b) Investigatory Information

The Confidential Information also includes information of the Parties related to past and present litigation, disputes, and investigations, including confidential information regarding the nature of, parties to, resolution of, and status of such matters. Such information in an aggregate form is kept confidential by the Parties and is not otherwise subject to public disclosure. Public release of such information would be damaging to the Parties and unrelated entities and individuals involved in such matters because competitors and other interested parties could use the information to imply wrongdoings that have not been substantiated and/or are the subject of ongoing negotiation or investigation, or to discern the Parties' manner and strategies for addressing such issues.

D. Time Period for Which Confidential Treatment is Necessary

Due to the highly sensitive nature of the Confidential Information, the Plan requests that the Department maintain the Confidential Information in a confidential manner indefinitely, or until such other time as the Department and the Plan agree upon the presentation, format, and disclosure of the Confidential Information, or the Confidential Information becomes publicly available (the "Requested Time Period"). Confidential treatment of the Confidential Information for the Requested Time Period is warranted because the substantial majority of the Confidential Information relates to Affiliates of the Plan, rather than to the Plan itself, and because the Confidential Information describes sensitive financial information, business and operational concerns, and negotiated contract terms confidential to such parties. The Plan believes that confidential treatment of the Confidential Information for the Requested Time Period is necessary to safeguard the business interests of the Parties.

The Plan notes that portions of the Confidential Information have been confidentially submitted by certain Plan Affiliates to other government agencies with jurisdiction to review the Affiliation described in the Amendment. Should such agencies determine that portions of the Confidential Information will become part of the public record, the Plan will notify the Department and will update its request for confidential treatment of the Confidential Information.

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March 13, 2013

VIA FEDERAL EXPRESS

The Honorable Karen Weldin Stewart, CIR-ML
Commissioner of Insurance
Delaware Insurance Department
Rodney Building
841 Silver Lake Boulevard
Dover, Delaware 19904

Attn: Linda Sizemore, CPA, CFE
Director of Company Regulation

Re: **Supplement No. 2 to Change No. 2 to Form A Statement** Regarding the Acquisition of Control of Highmark BCBSD, Inc. d/b/a BlueCross BlueShield of Delaware ("the Domestic Insurer") by UPE (the "Applicant")

Dear Commissioner Stewart:

The purpose of this letter is to supplement the above-captioned Form A filing with an additional document. Enclosed is a public disk labeled **Exhibit M-1** that contains a **"public"** copy of additional projected financial statements for UPE, UPE Provider Sub and Highmark based on the assumption that the provider contract between Highmark and UPMC stays in effect long-term. The "confidential" version of this document was submitted as Exhibit M in Supplement No. 1 to Change No. 2 to Form A Statement dated March 8, 2013.

We appreciate your assistance and courtesy in working with us on this matter.

Very truly yours,

MITCHELL, WILLIAMS, SELIG,
GATES & WOODYARD, P.L.L.C.

By Frederick K. Campbell
Frederick K. Campbell

FKC:ka
Enclosure

cc: The Honorable Joseph R. Biden, III
Attn: Ian R. McConnel, Esquire (w/enclosure)

Michael Houghton, Esquire (w/enclosure)
Ms. Leslie Polizoti (w/enclosure)
Mr. Jack Sencak (w/enclosure)
Mr. Ronald E. Chronister (w/enclosure)
Mr. William Kirk (w/enclosure)

RECEIVED MAR 1 2 2013

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March 11, 2013

VIA FEDERAL EXPRESS

Michael Houghton, Esq.
Leslie Polizoti, Esq.
Morris, Nichols, Arsht & Tunnell, LLP
1201 North Market Street, 18th Floor
Wilmington, DE 19801

Re: February 14, 2012 Form A Statement Regarding the Acquisition of Control of Highmark BCBSD, Inc. by UPE: Applicant's Thirteenth Set of Responses to Department's First Set of Requests for Production

Dear Mike and Leslie:

This letter and the attached disks constitute Applicant's thirteenth set of responses to your requests of March 19, 2012. The first response was submitted on April 5, 2012, the second response was submitted on April 12, 2012, the third response was submitted on April 19, 2012, the fourth response was submitted on April 27, 2012, the fifth response was submitted May 9, 2012, the sixth was submitted on May 11, 2012, the seventh was submitted on June 15, 2012, the eighth response was submitted on July 26, 2012, the ninth response was submitted on August 22, 2012, the tenth response was submitted on September 6, 2012, the eleventh response was submitted on September 25, 2012, and the twelfth response was submitted on November 20, 2012. We drafted these responses earlier in the year but refrained from submitting them once it appeared that the transaction might not close. Therefore, some of the information may be stale and superseded by our recent filings.

Included with this letter and the attached disks are responses to PID Supplemental Filing Requests (via letter from PID dated September 26, 2012, a copy of which was provided to the Department as part of Applicant's twelfth response) requesting supplemental information related to Amendment No. 1 to the Form A that was filed with the PID. We will continue to provide you with copies of the responses to those supplemental requests, which relate to numbered requests as to which you have previously designated as PID requests to be responded to for Delaware as well, as we receive them.

CONFIDENTIALITY REQUEST

The documents/information submitted with these responses to the Delaware Insurance Department ("Department") by UPE, the Applicant in the Form A, and/or Highmark Inc. ("Highmark") (in those instances where Highmark is the owner and/or provider of the documents/information) that are marked "Confidential" or "Confidential Proprietary

Information" are submitted pursuant to the Department's procedures, protocols and practice (collectively "Protocols") on confidentiality with respect to documents/information submitted in conjunction with a Form A filing. These documents were submitted to the Pennsylvania Insurance Department ("PID") with a request that they be treated as confidential under Pennsylvania law. Therefore, we are requesting that these documents also be treated as confidential under Delaware law for the reasons set forth below. A disk label bearing the legend "Confidential" shall designate all attached or included materials within the confidentiality designation. Those documents for which we are not requesting confidentiality are contained on a separate disk.

The documents/information submitted as confidential documents/information are confidential and protected materials and/or excepted from public disclosure pursuant, *inter alia*, to 29 Del. C. § 10002(g)(2), 18 Del. Admin. Code 908-3.0, and the Protocols. Such documents should be maintained as confidential and should not be made available for public inspection or copying because they contain the types of information referenced in the various referenced Protocols, statutes and regulations as being trade secrets and commercial or financial information obtained from a person which is of a privileged or confidential nature. The release of the documents/information could cause substantial material harm to the competitive position of UPE and/or Highmark and/or one or more of their affiliates, including material losses to one or more of such companies.

UPE and Highmark, as well as their affiliates, including but not limited to BCBSD, jointly and severally, request that the Department, any other representative of the State of Delaware (the "State") and/or any consultant to the Department provide written notification to UPE and Highmark in advance of any release of any of the documents/information submitted with these responses if either the Department or any other agency or representative of the State determines that these documents should not be accorded confidential treatment or the Department, any other representative of the State, or any consultant to the Department receives any request for access to these confidential documents/information from third parties. Written notification should be made to:

Frederick K. Campbell
Doak Foster
Mitchell, Williams, Selig, Gates & Woodyard, PLLC
425 West Capitol Avenue, Suite 1800
Little Rock, Arkansas 72201
(501) 688-8800
rcampbell@mwlaw.com
dfoster@mwlaw.com

RESPONSES TO REQUESTS FOR PRODUCTION

REQUEST I: PENNSYLVANIA INSURANCE DEPARTMENT REQUESTS

2. Transaction.

2.1.1.1 Supplemental Filing Request:

(A) Discuss the economic benefits and risks of the Supplemented Transaction. Provide a full and complete copy of all Expert Opinions and/or external consultant reports supporting or not supporting the reasonableness of your response.

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0031945 through DE-DOI-0031951.

(B) Provide any and all additional information available to UPE, UPE Provider Sub, Highmark and/or the Highmark Affiliates regarding the benefits and/or costs/liabilities of implementation of the IDN Strategy, in addition to the costs associated with the change of control and affiliation with WPAHS. Alternatively, distinguish those costs or benefits that accrue to the change of control or affiliation with WPAHS that are separate from the remaining aspects of the IDN Strategy.

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0031952 through DE-DOI-0031956.

2.1.3.1 Supplemental Filing Request: Provide a full and complete copy of any analysis performed by or for UPE or Highmark with respect to any part of the Supplemented Transaction. This request is intended to exclude any risk or potential loss referenced in Request 2.1.3 of the January 9 [2012] Information Request with respect to which a full and complete response has been filed.

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0031957 through DE-DOI-0032496.

2.1.5.1 Supplemental Filing Request: In addition to the information for the WPAHS Entities previously provided, please provide an analysis of the risks that any assets, properties or reserves of Highmark or the Highmark Affiliates will be subject to any claims, debts or obligations of any UPE Entity, together with the methods or approaches by which such risks are being mitigated.

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0032497 through DE-DOI-0032506.

2.2.2 Are there any inter-Entity agreements between or among one or more of the Highmark and WPAHS Entities that: (i) are anticipated to be executed if the transaction is approved; or (ii) were executed contemporaneously with or subsequent to the execution of the June 28, 2011 term sheet that was signed by Highmark and WPAHS. If so, provide full and complete copies of all current draft or executed agreements.

Supplemental Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0032507 through DE-DOI-0032939.

2.4.1.1 Supplemental Filing Request: Please provide: (i) a list by each UPE Entity any funding commitments or intended donations, transfers, loans, sales, assignments, or the incurrence of any obligation that are intended to occur between one UPE Entity and another in connection with the Supplemented Transaction or otherwise; and (ii) a description of the category of assets for which expenditures will be made in connection with the IDN Strategy (e.g., equipment, real estate, intangibles, etc.) and how such expenditures or investments will be accounted for on the financial statements of Highmark, UPE or UPE Provider Sub (or its Affiliates). The intention of this Supplemental Filing Request is to have in one place a complete list and a total of any and all monetary transfers or obligations to make monetary transfers, no matter how denominated, between or among UPE Entities as a result of, in connection with or that have been made within two years before, and that are estimated to be made during the two years after the consummation of the Supplemented Transaction or any part thereof.

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0032940 through DE-DOI-0032947.

2.4.2.1 Supplemental Filing Request. In addition to the information provided pursuant to Request 2.4.2, provide a copy of the most current or final plan or plans drafted or adopted by any UPE Entity regarding implementation or performance of the Supplemented Transaction, including but not limited to documents describing strategies or plans relating to integration, funding, implementation or strategy, irrespective of the name of the document.

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0032948 through DE-DOI-0032961.

3.6.2 Provide a full and complete copy of any documents filed with, provided to or received from the BCBSA related to the Transaction.

Supplemental Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0032962 through DE-DOI-0033019.

4.2.14.1 Supplemental Filing Request. Describe any plans to expand, terminate, reduce, add or change any products or services offered by any and all UPE Entities in connection with the Transaction or within two years of the consummation of the Transaction and the competitive effects thereof. This Supplemental Filing Request is not intended to require additional disclosure of materials previously filed with the Department.

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0033020 through DE-DOI-0033025.

4.3.2 Provide GAAP and Statutory, if relevant, financials for WPAHS and WPAHS Affiliates for years 2006-2010.

Supplemental Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0033281 through DE-DOI-0033357.

4.3.3.1 Supplemental Filing Request. Provide any and all planning documents, presentations or materials considered by the Board of Directors or committees of each of Highmark, UPE or any other Highmark Affiliates that assess or evaluate the contribution or effect of JRMC and each other entity comprising the Supplemented Transaction to the overall success or goal of the IDN Strategy.

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0033358 through DE-DOI-0033362.

4.3.4.1 Financial projections for 2012 to 2016 based on the assumption that the Transaction is approved and that a contract with UPMC is successfully renegotiated.

(A) Supplemental Filing Request. Please provide financial projections for 2012-2016 based on the assumption that the Transaction is approved and that an extension of the current contract with UPMC beyond 2014 is not successfully negotiated.

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0033363 through DE-DOI-0033366.

4.3.4.2 Supplemental Filing Request. Financial projections for 2012 to 2016 based on the assumption that the Transaction is not approved and that a contract with UPMC is successfully renegotiated.

(A) Please provide an update to the previously provided financial projections for 2012-2016 based on the assumption that the Transaction is not approved and that an extension of the current contract with UPMC beyond 2014 is successfully negotiated.

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0033367 through DE-DOI-0033370.

4.3.5 Supplemental Filing Request. Provide a full and complete copy of functional excel backup to each set of financial projections requested in items 4.3.4.1 to 4.3.4.3 (including items 4.3.4.1(A) and 4.3.4.2(A)), as well as for financial projections for 2012 to 2016 based on the assumption that the Transaction is approved and that Highmark does not renew a contract with UPMC. Include income statement, balance sheet (GAAP/SAP), and cash flow statement in excel backup. To the degree possible, provide functional excel analysis of each Highmark and WPAHS Entity's Reserves and RBC (if applicable) impact if all financial commitments made and any expenditures contemplated as part of the Transaction result in write-offs (i.e. 'worst case scenario').

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0033371 through DE-DOI-0033375.

4.3.6 Supplemental Filing Request. Provide an analysis of the reasonableness of each assumption underlying each set of projections requested in items 4.3.4.1 to 4.3.4.3 (including items 4.3.4.1(A) and 4.3.4.2(A)) (as well as for the previously submitted financial projections for 2011 to 2015 based on the assumption that the Transaction is approved and that a contract with UPMC is not successfully renegotiated) for financial statements (income statement, balance sheet (GAAP/SAP), and cash flow statement) including any product/service price increases or decreases, changes in utilization, membership/customer increases/decreases by product or service, detailed breakdown of capital expenditures, and detailed breakdown of any projected operating synergies.

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0033376 through DE-DOI-0033385.

4.3.7 Identify and analyze any material contingent liabilities relating to the Highmark and WPAHS Entities and any potential claims that could be asserted against Highmark or the Highmark Affiliates relating to the Transaction. If any insurance for such contingent liabilities or potential claims exist, identify such insurance, the amount of such insurance and any limitations, exclusions, deductibles or co-insurance.

Supplemental Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0033386 through DE-DOI-0033392.

4.3.7.1 Supplemental Filing Request. Identify and analyze any material contingent liabilities relating to each UPE Entity and any potential claims that could be asserted against Highmark or the Highmark Affiliates relating to the Supplemented Transaction. If any insurance for such contingent liabilities or potential claims exist, identify such

insurance, the amount of such insurance and any limitations, exclusions, deductibles or co-insurance. This Supplemental Filing Request is not intended to require additional disclosure of materials previously filed with the Department.

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0033393 through DE-DOI-0033397.

4.3.8.1 Supplemental Filing Request. Provide a detailed description of any material strategic/financial initiatives of any UPE Entity other than those contemplated in the Supplemented Transaction (i.e. other acquisitions, divestitures, capital raises, etc.) to include projected financial obligations/commitments and organizational impact. This Supplemental Filing Request is not intended to require additional disclosure of materials previously filed with the Department.

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0033398 through DE-DOI-0033402.

4.3.9.1 Supplemental Filing Request. Provide assessments for the cost and timeline of integrating each UPE Entity into the organizational structure proposed to exist after the Supplemented Transaction is completed, along with all third party reports supporting such cost estimates. This Supplemental Filing Request is not intended to require additional disclosure of materials previously filed with the Department.

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0032948 through DE-DOI-0032961.

4.3.10.1 Supplemental Filing Request. In addition to the information previously provided for WPAHS and/or the WPAHS Affiliates, please provide a full and complete copy of all grant and loan agreements for all financial commitments made from Highmark and/or Highmark Affiliates to any UPE Entity. This Supplemental Filing Request is not intended to require additional disclosure of materials previously filed with the Department.

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0033026 through DE-DOI-0033054.

4.3.11.1 Supplemental Filing Request. In addition to the information for Highmark and each WPAHS Entity previously provided, please provide a full and complete copy of all documents evidencing the guarantee by any other entity of any obligation of any UPE Entity guarantee of any obligation of any other Person. If otherwise included in the Form A filing or Supplemental Filing and accompanying material, specifically identify the relevant document(s) and where such documents are included in the Form A filing or Supplemental Filing and accompanying material. This Supplemental Filing Request is not intended to require additional disclosure of materials previously filed with the Department.

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0033055 through DE-DOI-0033153.

4.3.13.2 Supplemental Filing Request. Provide a full and complete copy of any materials submitted to credit rating agencies by any UPE Entity related to the Supplemented Transaction. This Supplemental Filing Request does not include materials previously submitted in response to Request 4.3.13. Also, discuss any changes in credit rating or outlook for any UPE Entity related to the Supplemented Transaction. This Supplemental Filing Request is not intended to require additional disclosure of materials previously filed with the Department.

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0033154 through DE-DOI-0033239.

4.3.14.1 Supplemental Filing Request. Provide a full and complete copy of any valuation materials prepared or reviewed by UPE, Highmark, JRMC or any other UPE Entity related to any UPE Entity or the Supplemented Transaction. This Supplemental Filing Request is not intended to require additional disclosure of materials previously filed with the Department.

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0033240 through DE-DOI-0033249.

4.3.15.1 Supplemental Filing Request. Provide a full and complete copy of any tax opinions or analyses of taxation issues concerning the affiliation with JRMC or otherwise with respect to the Supplemented Transaction that have been or will be obtained. This Supplemental Filing Request is not intended to require additional disclosure of materials previously filed with the Department.

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0033250 through DE-DOI-0033275.

4.3.16 Provide an update to Schedule 5.6 to the Affiliation Agreement to include a description of the status of all litigation, audit and administrative proceedings concerning all Highmark and WPAHS Entities, including current status, deadlines and, if applicable, amounts claimed to be payable by the applicable Highmark and WPAHS Entity and cross-reference to the matters described in the response to Section 4.4.7.

Supplemental Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0033386 through DE-DOI-0033392.

4.3.17.1 Supplemental Filing Request. Identify all presently effective statutes of limitation waivers, extensions or tolling agreements filed by or on behalf of any UPE

Entity; identify all such matters and provide a summary of each. This Supplemental Filing Request is not intended to require additional disclosure of materials previously filed with the Department.

Response: See response to PID included on attached disk labeled "PUBLIC DOCUMENTS" and Bates numbered DE-DOI-0033854.

4.3.18.1 Supplemental Filing Request. Identify and provide a summary and the status of each matter, if any, in which any UPE Entity is the subject of any investigation or legal action that could result in debarment, suspension, license or permit revocation by any governmental agency; the imposition of a civil monetary penalty; or in the imposition of any criminal penalty. This Supplemental Filing Request is not intended to require additional disclosure of materials previously filed with the Department.

Response: See response to PID included on attached disk labeled "PUBLIC DOCUMENTS" and Bates numbered DE-DOI-0033855.

4.3.19.1 Supplemental Filing Request. Does any UPE Entity have knowledge of any claim, potential claim or potential liability with respect to false statements/false claims; violations of fraud and abuse, civil monetary penalty, HIPAA, HITECH and/or any anti-kickback statute? This Supplemental Filing Request is not intended to require additional disclosure of materials previously filed with the Department.

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0033276 through DE-DOI-0033280.

4.4.1 Identify and provide a description of any claims any Highmark and WPAHS Entity by any Highmark and WPAHS Entity that are being, have been or will be settled or resolved in connection with the Transaction or since the execution of the June 28, 2011 term sheet between Highmark and WPAHS.

Supplemental Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0033386 through DE-DOI-0033392.

4.4.1.1 Supplemental Filing Request. In addition to the information for Highmark and each WPAHS Entity previously provided, identify and provide a description of any claims against any UPE Entity that are being, have been or will be settled or resolved in connection with the Supplemented Transaction. This Supplemental Filing Request is not intended to require additional disclosure of materials previously filed with the Department.

Response: See response to PID included on attached disk labeled "PUBLIC DOCUMENTS" and Bates numbered DE-DOI-0033856.

4.4.2.1 Provide a detailed description of governance, reporting lines and structure for regulatory oversight of economic transfers between UPE, the UPE Provider Sub and/or any Highmark and WPAHS Entity.

(A) Supplemental Filing Request. Provide a detailed description of governance, reporting lines and structure for regulatory oversight of economic transfers between UPE Entities in light of the Supplemented Transaction and with respect to transfers to or within the IDN. This Supplemental Filing Request is not intended to require additional disclosure of materials previously filed with the Department.

Response: See response to PID included on attached disk labeled "PUBLIC DOCUMENTS" and Bates numbered DE-DOI-0033857 through DE-DOI-0033858.

4.4.2.2. Provide a full and complete copy of all materials describing operational integration plans for the Highmark and WPAHS Entities.

(A) Supplemental Filing Request. Provide a full and complete copy of all materials describing operational integration plans for the UPE Entities. While this Supplemental Filing Request is not intended to require additional disclosure of materials previously filed with the Department, it is requested that UPE provide any update to materials previously requested.

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0032948 through DE-DOI-0032961.

4.4.4 Identify any changes to employment levels of each Highmark and WPAHS Entity, by function, that are anticipated to occur if the Transaction is approved.

Supplemental Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0033403 through DE-DOI-0033407.

4.4.5 Discuss any termination provisions contemplated by the Transaction, including any payments, terms or financial arrangements that may result from a termination of the Affiliation Agreement or other termination of the Transaction.

Supplemental Response: See response to PID included on attached disk labeled "PUBLIC DOCUMENTS" and Bates numbered DE-DOI-0033859.

4.4.5.1 Supplemental Filing Request. Discuss any termination provisions contemplated by the Supplemented Transaction, including any payments, terms or financial arrangements that may result from a termination of the affiliation arrangement with JRMC and/or with any other UPE Entity and/or other termination of the

Supplemented Transaction. This Supplemental Filing Request is not intended to require additional disclosure of materials previously filed with the Department.

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0033408 through DE-DOI-0033412.

4.4.6.1 Supplemental Filing Request. Provide the most current "integration planning team" documentation (or other similar documentation by whatever name such is called) regarding any organizational integration plan for each aspect of the Supplemented Transaction.

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0032948 through DE-DOI-0032961.

4.6.2 Explain the advantages and disadvantages of the Transaction for members, subscribers, enrollees, policy holders, hospital providers, other health care providers, pharmacies and other affected persons.

Supplemental Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0033418 through DE-DOI-0033422.

4.6.3.1 Supplemental Filing Request. Describe all agreements, contracts or commitments that will be in effect or are contemplated to be in effect any time after the Supplemented Transaction is completed which agreements, contracts or commitments will limit in any way the freedom of any JRMC or any other UPE Entity to engage in any line of business, to do business with one or more third parties or to compete with any other person or entity. Please file a copy of any such agreement, contract or commitment. This Supplemental Filing Request is not intended to require additional disclosure of materials previously filed with the Department.

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0033423 through DE-DOI-0033427.

4.6.9 Provide a full and complete copy of any presentations to the Board of Directors and/or any board committees of any Highmark and WPAHS Entity regarding consideration of the Transaction, including the rationale, projected financial commitment and financing alternatives, and comparison to any other strategic acquisition alternatives considered.

Supplemental Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0033727 through DE-DOI-0033812.

4.6.9.1 Supplemental Filing Request. Provide a full and complete copy of all minutes of, and resolutions adopted at, any meeting where any aspect of all or any portion of the Supplemented Transaction was discussed of (1) the Board of Directors and/or board committees of any UPE Entity; and (2) any joint committee, task force or other body set up between or among UPE Entities. Please provide full copies of any attachments to the minutes or documents distributed at or in preparation for the meeting and full and complete copies of any presentations made at the meetings. The purpose of this Supplemental Filing Request is to provide the Department with a complete record of consideration of the Supplemented Transaction by each UPE Entity Board, committee, joint committee, task force or other body. While this Supplemental Filing Request is not intended to require additional disclosure of materials previously filed with the Department, additional disclosure is required if necessary to give the Department a complete record of such consideration of any aspect of the Supplemented Transaction.

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0033428 through DE-DOI-0033726.

4.6.14.1 Supplemental Filing Request. Has UPE's response to 4.6.14 changed in any way due to the increase in expenditures needed to implement the Supplemented Transaction? If so, please describe such change(s).

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0033413 through DE-DOI-0033417.

5.1.1-A Supplemental Filing Request. Provide the same information requested for the entities in Request 5.1.1 (i.e. information requested in Requests 5.1.1.1 to 5.1.1.9) for all other UPE Entities.

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0033813 through DE-DOI-0033843.

5.1.1.1 Articles of Incorporation or other formation document, except for those entities for which such documents have been provided. Identify the entities for which such documents have been provided and where such documents are located in the Form A filing and accompanying material.

Response: See response to PID included on attached disk labeled "PUBLIC DOCUMENTS" and Bates numbered DE-DOI-0033860 through DE-DOI-0034050.

5.1.1.1-A Supplemental Filing Request. [For all other UPE Entities,] provide copies of Articles of Incorporation or other formation document, except for those entities for which such documents have been provided.

Response: See response to PID included on attached disk labeled "PUBLIC DOCUMENTS" and Bates numbered DE-DOI-0033860 through DE-DOI-0034050.

5.1.1.2 Bylaws, operating agreement or similar document, except for those entities for which such documents have been provided. Identify the entities for which such documents have been provided and where such documents are located in the Form A filing and accompanying material.

Response: See response to PID included on attached disk labeled "PUBLIC DOCUMENTS" and Bates numbered DE-DOI-0033860 through DE-DOI-0034050.

5.1.1.2-A Supplemental Filing Request. [For all other UPE Entities,] provide copies of Bylaws, operating agreement or similar document, except for those entities for which such documents have been provided. Identify the entities for which such documents have been provided and where such documents are located in the Form A filing and accompanying material.

Response: See response to PID included on attached disk labeled "PUBLIC DOCUMENTS" and Bates numbered DE-DOI-0033860 through DE-DOI-0034050.

5.1.1.3 With respect to each entity listed in Section 5.1.1 that will have its Articles of Incorporation and/or Bylaws amended when the Transaction is completed, provide a comparison document showing the changes that are proposed to be made in such document when the Transaction is completed.

Supplemental Response: See response to PID included on attached disk labeled "PUBLIC DOCUMENTS" and Bates numbered DE-DOI-0034051 through DE-DOI-0034097.

5.1.5.1 Supplemental Filing Request. Identify and assess the magnitude and likelihood of impediments or risks relating to the Supplemented Transaction. This Supplemental Filing Request is not intended to require additional disclosure of materials previously filed with the Department.

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0033844 through DE-DOI-0033848.

5.2.1 Describe the powers that will be reserved to UPE as the corporate member of Highmark and provide documentation of such powers. Describe the powers, if any, that will be reserved to UPE in the articles of incorporation, bylaws or other document of any Highmark Affiliates and provide a copy of such.

Supplemental Response: See response to PID included on attached disk labeled "PUBLIC DOCUMENTS" and Bates numbered DE-DOI-0034103 through DE-DOI-0034130.

5.2.1.1 Supplemental Filing Request. Please provide an analysis of the compliance of the proposed Second Amendment and Restated Bylaws of Highmark Inc. ("Proposed Bylaws") with the provisions of the Insurance Holding Companies Law, including without limitation, 40 PS § 991.1405.

Response: See response to PID included on attached disk labeled "PUBLIC DOCUMENTS" and Bates numbered DE-DOI-0034098 through DE-DOI-0034102.

5.2.1.2 Please provide a summary of any other agreement or arrangement, including any restrictions or requirements under any licensing provisions of Blue Cross/Blue Shield Network that affect or apply to the governance or management of Highmark and provide an analysis of how the Proposed Bylaws comply with any such provisions.

Response: See response to PID included on attached disk labeled "CONFIDENTIAL DOCUMENTS" and Bates numbered DE-DOI-0033849 through DE-DOI-0033853.

As always, we greatly appreciate your assistance and are available to answer any questions that you may have.

Sincerely,

MITCHELL, WILLIAMS, SELIG,
GATES & WOODYARD, PLLC

By
Doak Foster

DF/ka
Enclosures

cc: William E. Kirk III (w/enc.)
Ronald E. Chronister (w/enc.)
Jack Sencak (w/enc.)

RECEIVED MAR 1

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March 8, 2013

VIA FEDERAL EXPRESS

The Honorable Michael D. Riley
Commissioner of Insurance
West Virginia Offices of the Insurance Commissioner
1124 Smith Street
Charleston, West Virginia 25301

Attn: Andrew R. Pauley, Esquire
General Counsel

Re: **Supplement No. 1 to Amendment No. 1 to Form A Statement** Regarding the Acquisition of Control of Highmark West Virginia, Inc. d/b/a Highmark Blue Cross Blue Shield West Virginia ("the Domestic Insurer") by UPE (the "Applicant")

Dear Commissioner Riley:

The purpose of this letter is to supplement the above-captioned Form A filing with four additional documents. Enclosed is a set of public and confidential disks with additional exhibits to the Form A as follows:

1. A public disk labeled **Exhibit K-1** that contains a "public" version of the "Supplemented Overview of Highmark's Strategic Vision." Please note that Exhibit K-1 contains an "Exhibit A," which represents the "public" version of financial projections for UPE, UPE Provider Sub, and Highmark.

2. A confidential disk labeled **Exhibit K-2** that contains a "**Confidential**" version of the "Supplemented Overview of Highmark's Strategic Vision."

3. A confidential disk labeled **Exhibit L** that contains a "**Confidential**" copy of the revised financial projections for UPE, UPE Provider Sub, and Highmark.

4. A confidential disk labeled **Exhibit M** that contains a "**Confidential**" copy of additional projected financial statements for UPE, UPE Provider Sub and Highmark based on the assumption that the provider contract between Highmark and UPMC stays in effect long-term.

Exhibit K-2, **Exhibit L**, and **Exhibit M** are marked "**Confidential**" and were submitted to the Pennsylvania Insurance Department with a request that they be treated as confidential

under Pennsylvania law. Therefore, we ask that these documents be afforded confidential treatment and be excepted from disclosure (to the fullest extent permitted under West Virginia law) because they contain personal and/or proprietary information which we wish to remain as confidential. The Applicant also requests that it be notified in advance if any person requests access to any of these documents so that it has the opportunity to take action to prevent or limit any such disclosure.

We appreciate your assistance and courtesy in working with us on this matter.

Very truly yours,

MITCHELL, WILLIAMS, SELIG,
GATES & WOODYARD, P.L.L.C.

By
Doak Foster

DF:ka
Enclosures

cc: J. Fred Earley II, Esquire (w/enclosures)
Linda Beckman, Esquire (w/enclosures)
John Sencak, Esquire (w/enclosures)
Richard J. Enterline, Esquire (w/enclosures)
Ronald E. Chronister, Esquire (w/enclosures)

MITCHELL | WILLIAMS

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425 West Capitol Avenue, Suite 1800
Little Rock, Arkansas 72201-3525
Telephone: 501-688-8800
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February 27, 2013

VIA FEDERAL EXPRESS

The Honorable Karen Weldin Stewart, CIR-ML
Commissioner of Insurance
Delaware Department of Insurance
Rodney Building
841 Silver Lake Boulevard
Dover, Delaware 19904

Attn: Linda Sizemore, CPA, CFE
Director of Company Regulation

Re: Change No. 2 to Form A Statement Regarding the Acquisition of Control of Highmark BCBSD, Inc. d/b/a BlueCross BlueShield of Delaware ("the Domestic Insurer") by UPE (the "Applicant")

Dear Commissioner Stewart:

Pursuant to Chapter 50 of the Delaware Insurance Code and Regulation 1801 of the Delaware Administrative Code, we are enclosing for filing on behalf of the Applicant two copies of Change No. 2 to Form A Statement dated February 28, 2013, regarding the above-captioned change of control of the Domestic Insurer. The Signature and Certification pages on these copies are photocopies of the pages that contain the wet signatures which we will submit to you via overnight mail for delivery on Friday, March 1, 2013. A filing fee in the amount of $100.00 accompanied the initial filing, and if an additional fee is owed for this submission, please let us know.

Included with Change No. 2 are disks which contain Exhibits A-1, H-2, I and J. Exhibits A-1, H-2 and I are public information and may be treated as such. However, Exhibit J is marked "CONFIDENTIAL" and is submitted pursuant to the Department's procedures, protocols and practice (collectively "Protocols") on confidentiality with respect to documents submitted in conjunction with a Form A filing. This document was submitted to the Pennsylvania Insurance Department with a request that it be treated as confidential under Pennsylvania law. Therefore, we are requesting that this document also be treated as confidential under Delaware law for the reasons set forth below.

The document submitted as a confidential document is confidential and protected material and/or excepted from public disclosure pursuant, *inter alia*, to 29 Del. C. § 10002(g)(2),

18 Del. Admin. Code 908-3.0, and the Protocols. Such document should be maintained as confidential and should not be made available for public inspection or copying because it contains the types of information referenced in the various referenced Protocols, statutes and regulations as being trade secrets and commercial or financial information obtained from a person which is of a privileged or confidential nature. The release of the document could cause substantial material harm to the competitive position of UPE and/or Highmark and/or one or more of their affiliates, including material losses to one or more of such companies.

UPE and Highmark, as well as their affiliates, including but not limited to BCBSD, jointly and severally, request that the Department, any other representative of the State of Delaware (the "State") and/or any consultant to the Department provide written notification to UPE and Highmark in advance of any release of the document if either the Department or any other agency or representative of the State determines that this document should not be accorded confidential treatment or the Department, any other representative of the State, or any consultant to the Department receives any request for access to the confidential document from third parties. Written notification should be made to:

Frederick K. Campbell
Doak Foster
Mitchell, Williams, Selig, Gates & Woodyard, PLLC
425 West Capitol Avenue, Suite 1800
Little Rock, Arkansas 72201
(501) 688-8800
rcampbell@mwlaw.com
dfoster@mwlaw.com

We appreciate the Department's continued courtesy in working with us on this matter.

Sincerely,

MITCHELL, WILLIAMS, SELIG,
GATES & WOODYARD, P.L.L.C.

By
Frederick K. Campbell

FKC/ka
Enclosures

cc: Michael Houghton, Esquire (w/enclosures)
Leslie Polizoti, Esquire (w/enclosures)
William E. Kirk III, Esquire (w/enclosures)
John Sencak, Esquire (w/enclosures)
Ronald E. Chronister, Esquire (w/enclosures)

CHANGE NO. 2

to

FORM A
STATEMENT REGARDING THE ACQUISITION OF CONTROL OF OR MERGER WITH A DOMESTIC INSURER

HIGHMARK BCBSD INC.
d/b/a BlueCross BlueShield of Delaware
a Delaware nonstock corporation
(the Domestic Insurer)

By

UPE
(the Applicant)

a Pennsylvania nonprofit corporation

Filed with the Delaware Department of Insurance
February 28, 2013

Persons to whom notices and correspondence should be addressed:

Frederick K. Campbell, Esquire
Mitchell, Williams, Selig, Gates & Woodyard, PLLC
425 West Capitol Avenue, Suite 1800
Little Rock, Arkansas 72201-3525
(501) 688-8882
FAX: (501) 918-7882

S. Doak Foster
Mitchell, Williams, Selig, Gates & Woodyard, PLLC
425 West Capitol Avenue, Suite 1800
Little Rock, Arkansas 72201-3525
(501) 688-8841
FAX: (501) 918-7841

with copies to:
William E. Kirk III
BlueCross BlueShield of Delaware
800 Delaware Avenue, Suite 900
Wilmington, Delaware 19801-1368
(302) 421-3416
Fax: (302) 421-3126

Item 1. Insurer and Method of Acquisition.

Domestic Insurer

No change.

Method of Acquisition

As a result of further talks between Highmark and WPAHS since UPE's filing of the Form A with the Delaware Department of Insurance (the "Department") on February 14, 2012, the Affiliation Agreement has been amended pursuant to an Amendment No. 1 to Affiliation Agreement (dated January 22, 2013). A copy of Amendment No. 1 to the Affiliation Agreement is attached hereto as **Exhibit I.**[1] Revised Schedules to the Affiliation Agreement are attached hereto as **Exhibit J**.

(a) Basic Structure of the Amended WPAHS Affiliation Transaction, Tender Offer and Financing

At closing under the Affiliation Agreement, a new nonprofit parent company, UPE, will become the sole corporate member (as defined in 15 Pa. C.S.A. § 5103) within a new class of membership that will be established in Highmark. UPE was formed on October 20, 2011 by filing of Articles of Incorporation with the Pennsylvania Department of State, a copy of which is included in the Form A (*see "Exhibit A" to the Affiliation Agreement*). A copy of the Bylaws of UPE is also included in the Form A (*see "Exhibit B" to the Affiliation Agreement*). Amendments to the Bylaws have occurred since the filing of the Form A, and a copy of the Amended and Restated Bylaws of UPE which will become effective at the Closing of the transaction is attached to the Affiliation Agreement and included herein as "Exhibit B (Revised)."

UPE will hold all rights in this new class of corporate membership in Highmark which will be created and exist in addition to the current class of members which consists of members of the Board of Directors of Highmark. Highmark will maintain its Board of Directors which will continue to have significant control over operations. UPE will also hold certain reserved powers with respect to Highmark. All initial Directors of UPE will be drawn from the Directors of Highmark. A redlined copy of the Second Amended and Restated Bylaws of Highmark which will be effective at the Closing of the transaction was submitted as Supplement No. 3 to the Form A on September 6, 2012.

UPE is the sole corporate member of a new nonprofit subsidiary of UPE, UPE Provider Sub. UPE Provider Sub was formed on October 20, 2011, by filing of Articles of Incorporation with the Pennsylvania Department of State, a copy of which is included in the Form A (*see "Exhibit C" to the Affiliation Agreement*). A copy of the Bylaws of UPE Provider Sub is included in the Form A (*see "Exhibit D" to the Affiliation Agreement*). A copy of the Amended and Restated Bylaws of UPE Provider Sub which will be effective at the Closing of the transaction is attached to the Affiliation Agreement and included herein as "Exhibit D (Revised)."

[1] Exhibits A (A-1 and A-2) through H (H-1 and H-2) are appended to the Form A.

UPE Provider Sub will become the sole member of WPAHS which in turn is the parent company of various entities in the WPAHS health system of hospitals and other healthcare providers. UPE and UPE Provider Sub will each have certain reserved powers in WPAHS, and a majority of the Board of WPAHS will be appointed by UPE. A copy of the Amended and Restated Bylaws of WPAHS which will become effective at the Closing is attached to the Affiliation Agreement and included herein as "Exhibit F (Revised)."

1. Conditions to Closing

Numerous conditions exist to the parties' obligation to close the transaction, including those of the Department, the Pennsylvania Insurance Department (the "PID"), the Pennsylvania Department of Health, and the Pennsylvania Office of Attorney General.

2. Other Features

Among other significant features of the Affiliation Agreement:

- WPAHS has agreed that it will not pursue any comparable transaction or affiliation while the WPAHS Affiliation Agreement is pending.
- Both parties agree that for a period of four years (i) they will not make any material change to WPAHS's operations that would be inconsistent with WPAHS's federal income tax-exempt status and (ii) WPAHS will continue to operate in accord with its existing charity care policies.
- Contemporaneous with the Closing the pending litigation between Highmark and WPAHS related to the transaction will be dismissed and general releases will be exchanged.

(b) Additional Affiliation Transactions

Since the filing of the Form A, in addition to the Affiliation Agreement with WPAHS, Highmark has also entered into an affiliation agreement with Jefferson Regional Medical Center ("JRMC") and has negotiated a term sheet regarding an affiliation with Saint Vincent Health Systems ("SVHS"), both of which are discussed more fully below. The transactions relating to JRMC and SVHS do not require approvals by the PID.

1. General Description of the JRMC Affiliation Transaction

UPE, UPE Provider Sub and Highmark have entered into an affiliation agreement with JRMC, Jefferson Regional Medical Center Foundation, and various JRMC subsidiaries dated August 13, 2012, which sets forth both the organizational structure contemplated by the transaction as well as certain ongoing commitments to JRMC and its community.

a. Funding Commitments

Highmark has agreed to make available to JRMC grants in an aggregate amount up to $100 million to finance certain capital expenditure projects. An initial grant in the amount of $21 million (from the up to $100 million aggregate amount) is to be made at Closing, as an unrestricted contribution to JRMC, and is to be utilized for such charitable purposes as JRMC determines.

Highmark has further agreed, subject to certain limitations, to guarantee the payment of debt, pension, and all other liabilities of JRMC on the books as of March 31, 2012, or to provide another structural solution which will provide JRMC with the same financial support.

In order to make a significant contribution to the local community, Highmark has also agreed to make a monetary contribution in the amount of $75 million to the JRMC Foundation, to be made in installments by January 1, 2014.

b. Conditions to Closing

Numerous conditions exist to the obligation of the parties to close the transaction, including various regulatory approvals that must be obtained.

2. General Description of the SVHS Affiliation Proposed Terms

Highmark and Saint Vincent Health System ("SVHS") have entered into an Amended and Restated Term Sheet dated October 19, 2012 (the "Term Sheet"), and are in the process of negotiating a binding affiliation agreement related to a transaction whereby the Pennsylvania nonprofit corporation now known as UPE Provider Sub will become the sole corporate member of SVHS and/or Saint Vincent Health Center ("SVHC").

Among the significant features of the Term Sheet are the following:

a. ***Funding Commitments.*** Highmark has agreed to make the following payments/investments: (a) $10 million payment to the Sisters of St. Joseph of Northwestern Pennsylvania (the "Sisters") in exchange for consideration described in the Term Sheet; (b) $5 million investment in capital projects for SVHS to support the healthcare mission of the Sisters; and (c) $20 million cash investment in SVHS.

b. ***Capital Commitments.*** Highmark has committed to supporting the long term capital plans of SVHS, including assistance with capital sourcing and budgeting from internal and external sources. Highmark has also agreed to work with SVHS on payment systems, new clinical programs, group purchasing, and other management/administrative tools that will result in operational efficiencies. It is intended that Highmark will permit SVHS over the next 3 years to reinvest an amount equal to the annual depreciation expense of SVHS to maintain and enhance the existing

facilities and physical assets, including the purchase of new assets, at SVHS, SVHC and their subsidiaries, which amount is expected to be approximately $14 million annually.

c. ***Organizational Structure.*** It is contemplated that upon Closing of the transaction, the SVHS and SVHC Boards will be structured so that seventy-five percent (75%) of such Boards' composition will be elected by UPE. The other twenty-five percent (25%) of each such Board will be elected pursuant to a structure to be developed by SVHS/SVHC (with input from Highmark and UPE).

d. ***Financial Limits.*** Highmark has stated that for a period of three (3) years after Closing: (a) Highmark does not intend to take any action that would result in the bankruptcy of SVHS nor does it intend to compromise the principal amount of SVHS' existing long term debt; and (b) Highmark agrees not to transfer any cash or investments of SVHS to any other entity controlled by Highmark.

e. ***Banking Assistance.*** Highmark has committed to providing assistance to SVHS in extending or replacing its existing lines of credit which currently support its variable rate demand bonds.

Item 2. Identity and Background of the Applicant.

(a) Name and Address of Applicant

No change.

(b) Nature of the Applicant's Business Operations

Applicant was formed on October 20, 2011, as a non-member Pennsylvania nonprofit corporation. The Corporation was organized for scientific, educational and charitable purposes and filed an application with the Internal Revenue Service requesting that Applicant be recognized as exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. By letter dated March 3, 2012, the Internal Revenue Service advised UPE that its application for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code was approved and the corporation was determined to be tax-exempt. At the Closing of the WPAHS affiliation, Applicant will be the sole member of the class of members of Highmark which will elect Highmark's Board of Directors and the sole member of UPE Provider Sub which in turn will be the sole member of WPAHS, JRMC, and SVHS/SVHC.

(c) Chart of the Applicant and all Affiliates of the Applicant.

An updated chart reflecting the identities and organization of Highmark and its affiliates is attached hereto as **Exhibit B (Updated)**. Since UPE's filing of the Form A, the following changes to the organizational chart of Highmark have been made:

1. Optimus 28 Management, LLC changed its name to Wexford Medical Mall LLC.

2. Protoco PPI LLC changed its name to Provider PPI LLC.

3. Protoco Supply Chain Services LLC changed its name to Provider Supply Chain Services LLC.

4. Inviva Eyewear, S.A. and its direct subsidiary, Viva Eyewear Portugal, were removed as subsidiaries of Viva Eyewear UK Ltd.

5. Eyemasters, Inc. changed its name to Visionworks, Inc.

6. ECCA Enterprises, Inc. changed its name to Visionworks Enterprises, Inc.

7. ECCA Distribution Services, Inc. changed its name to Visionworks Distribution Services, Inc.

An updated chart reflecting the identities and proposed organization of UPE and its affiliates is attached hereto as **Exhibit D (Updated)**.

Item 3. Identity and Background of Individuals Associated with the Applicant.

(a) Names and Business Addresses

The directors of UPE currently are: William Winkenwerder, Jr., M.D., J. Robert Baum, Ph.D., David A. Blandino, M.D., David J. Malone, David M. Matter, and Victor A. Roque. The interim officers of UPE effective February 1, 2013, are J. Robert Baum (President), Thomas J. Nigra (Treasurer), and Jacqueline M. Bauer (Secretary). At Closing, the officers of UPE will be William Winkenwerder, Jr., M.D. (President and CEO), Thomas L. VanKirk (Secretary), and Nanette P. DeTurk (Treasurer).

Information on file with the Department accurately reflects the biographical information of the individuals who will be officers and directors of UPE upon closing of the transaction.

(b) Present Principal Business Activity, Occupation or Employment

No change.

(c) Material Occupations, Positions, Offices or Employment.

No change.

Item 4. Nature, Source and Amount of Consideration.

There will be no cash consideration or exchange of any voting stock of Highmark or any of Highmark's subsidiaries or affiliates. Upon closing of the affiliation between Highmark and WPAHS, UPE will become the Ultimate Controlling Person of the Domestic Insurer, as that term is defined in Delaware Insurance Regulation 1801 § 7.3.

However, under the terms of the Affiliation Agreement, as amended, Highmark has agreed to provide funding to WPAHS as follows:

a) $50 million was funded on June 28, 2011, at the time of the execution of the term sheet in order to make capital improvements and fund operations at WPAHS.

b) $100 million was funded on the signing of the Affiliation Agreement and a third funding in the amount of $50 million was made on April 27, 2012.

c) In 2007, the Allegheny County Hospital Development Authority issued series 2007A revenue bonds for WPAHS. In an effort to reduce WPAHS' outstanding debt and strengthen its balance sheet, Highmark, WPAHS, and WPAHS bondholder representatives reached an agreement whereby Highmark would purchase $726 million in the outstanding bonds for cash at 87.5% of par amount. The agreement would allow WPAHS to restructure its debt without having to declare bankruptcy. Provided that a sufficient number of bondholders of WPAHS agree with Highmark to tender their bonds, Highmark will launch a tender offer to purchase their bonds as well as all other bonds. In connection with entering into the tender agreements with the bondholders, Highmark will place $50 million into an escrow account or post a $50 million letter of credit to secure Highmark's performance with regard to the tender offer. If the closing occurs on or before April 30, 2013, or any agreed upon extension of that date, the $50 million and another $50 million from Highmark will be advanced to WPAHS at the closing in the form of a loan. If the closing does not occur by April 30, 2013, or any agreed upon extension of that date, the $50 million escrow amount will be paid to WPAHS.

d) An additional funding commitment in the form of a loan of $100 million (conditioned upon the Closing of the WPAHS Affiliation Agreement) will be advanced on the later of the Closing or April 1, 2014; this funding commitment will be reduced by any positive cash flow of the WPAHS affiliated organizations.

e) Highmark will fund $75 million at the time of Closing, less any advances against such amount up to $33.6 million made by Highmark to WPAHS prior to the Closing to pay certain of WPAHS's obligations coming due prior to the Closing.

f) Highmark also will provide $10 million of supplemental payments to WPAHS in each of the next five (5) years as part of its provider rate negotiations. This increase is equivalent to the standard medical index.

g) Beyond the funding commitments described above and a projected one-time contribution of $1 million to UPE for operating purposes, Highmark has no additional obligation to provide funding or to assume any liabilities of WPAHS and its affiliates.

h) Highmark has secured a commitment from a commercial lender for an aggregate $600 million of secured financing to acquire the tendered WPAHS bonds. The financing will be in the form of a term loan maturing three (3) years from the Closing date and will be secured by a pledge by Highmark of cash, cash equivalents, and marketable securities that will remain with the current custodian. The commitment for the proposed loan includes other ordinary and customary terms and covenants. While Highmark fully expects to execute definitive loan documents on or before the expiration date of the tender, in the event that it is unable, for any reason, to consummate the loan transaction, it will finance the purchase of the bonds with its own cash and cash equivalents and the liquidation of other marketable securities in its investment portfolio. At December 31, 2012, Highmark had sufficient cash equivalents and marketable securities available for such purpose, which excludes restricted assets. Highmark has reviewed the customary terms and covenants of the proposed loan and anticipates that it will be in compliance with all terms and covenants of the proposed and all other existing debt agreements. Highmark anticipates holding the bonds as investments for a period of up to three years until WPAHS completes a tax-exempt bond offering and buys back the bonds from Highmark. While the bonds will be classified as below-investment-grade securities, Highmark will remain in compliance with state insurance laws and regulations relating to investment restrictions, and will also remain in compliance with Highmark's investment policy, subject to formal approval by the Investment Committee of the Highmark Board of Directors. The average quality of Highmark's fixed income investment portfolio will remain investment-grade.

Item 5. Future Plans of Insurer.

No change.

Item 6. Voting Securities to be Acquired.

No change.

Item 7. Ownership of Voting Securities.

No change.

Item 8. Contracts, Arrangements, or Understandings with Respect to Voting Securities of the Domestic Insurer(s).

No change.

Item 9. Recent Purchases of Voting Securities.

No change.

Item 10. Recent Recommendations to Purchase.

No change.

Item 11. Agreements with Broker-Dealers.

No change.

Item 12. Financial Statements and Exhibits.

Exhibit A-1 - Affiliation Agreement

Exhibit B (Revised): *Replacing Exhibit B of the Affiliation Agreement with Amended & Restated bylaws of UPE which will become effective at Closing of transaction.*

Exhibit D (Revised): *Replacing Exhibit D of the Affiliation Agreement with Amended & Restated Bylaws of UPE Provider Sub which will become effective at Closing of transaction.*

Exhibit F (Revised): *Replacing Exhibit F of the Affiliation Agreement with Amended and Restated Bylaws of WPAHS which will become effective at the Closing of transaction.*

Exhibit A-2 – Affiliation Agreement (CONFIDENTIAL)

No change.

Exhibit B (Updated) – Pre-Affiliation Organizational Chart of Highmark

Replacing Exhibit B of the Form A with an updated chart reflecting the identities and organization of Highmark and its affiliates.

Exhibit C – Pre-Affiliation Organizational Chart of WPAHS

No change.

UPE-0022828

Exhibit D (Updated) – Post-Affiliation Organizational Chart of UPE

Replacing Exhibit D of the Form A with an updated chart reflecting the identities and proposed organization of UPE and its affiliates.

Exhibit E – Biographical Affidavits of UPE Officers and Directors (CONFIDENTIAL)

No change.

Exhibit F – UPE Financials/Proformas (CONFIDENTIAL)

No change.

Exhibit G – Highmark's Combined GAAP Financial Statements (CONFIDENTIAL)

No change.

Exhibit H-1 – Annual Statutory Financial Statements for Highmark and its Insurance Subsidiaries

No change.

Exhibit H-2 – Quarterly Financial Statements for Highmark and its Insurance Subsidiaries

Exhibit H-2 is supplemented to include Quarterly Statutory Financial Statements for the quarters ending June 30, 2012 and September 30, 2012 for Highmark and its Insurance Subsidiaries.

Exhibit I – Amendment No. 1 to Affiliation Agreement dated January 22, 2013

Exhibit J – Revised Schedules to the Affiliation Agreement (CONFIDENTIAL)

Item 13. Signature and Certification.

Pursuant to the requirements of Chapter 50 of the Delaware Insurance Code and Regulation 1801 of the Delaware Administrative Code, UPE has caused this Application to be duly signed on its behalf in the City of Pittsburgh and Commonwealth of Pennsylvania on the 22nd day of February, 2013.

(SEAL)

APPLICANT

By: _____
J. Robert Baum Title: President

Attest:

By: _____ Title: Secretary
Jacqueline M. Bauer

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached application dated February 22, 2013 for and on behalf of UPE, that he is the President of such company and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.

Signature: _____
J. Robert Baum

MITCHELL | WILLIAMS

RECEIVED MAR 1 1 2013

Doak Foster
Direct Dial: 501-688-8841
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E-mail: dfoster@mwlaw.com

425 West Capitol Avenue, Suite 1800
Little Rock, Arkansas 72201-3525
Telephone: 501-688-8800
Fax: 501-688-8807

March 8, 2013

VIA FEDERAL EXPRESS

The Honorable Joseph R. Biden, III
Attorney General
Delaware Department of Justice
Carvel State Office Building
820 N. French Street
Wilmington, Delaware 19801

Attn: Ian R. McConnel, Esquire

Re: **Form A Statement** Regarding the Acquisition of Control of Highmark BCBSD, Inc. d/b/a BlueCross BlueShield of Delaware ("the Domestic Insurer") by UPE (the "Applicant")

Dear Attorney General Biden:

In regard to the above-captioned matter pending before the Delaware Insurance Department, we are providing you by separate cover letter of this date a copy of Supplement No. 1 to Change No. 2 to the Form A filing.

In accordance with 18 Del. C. § 1633(c), we had notified your office of the Form A filing and provided to you a copy thereof (2/14/12). We have also previously provided your office with a copy of Supplement No. 1 to Form A (2/17/12) and Supplement No. 2 to Form A (4/10/12).

There have been three additional filings regarding this matter as to which we have not previously provided copies to you. Accordingly, to make your file complete, we are enclosing with this letter copies of Change No. 1 to Form A (7/24/12), Supplement No. 3 to Form A (9/6/12) and Change No. 2 to Form A (2/28/13).

UPE-0022831

Please let me know if you have any questions.

Very truly yours,

MITCHELL, WILLIAMS, SELIG,
GATES & WOODYARD, P.L.L.C.

By
Doak Foster

DF:dl
Enclosures

cc: Michael Houghton, Esquire (w/enclosure)
Ms. Leslie Polizoti (w/enclosure)
Mr. Jack Sencak (w/enclosure)
Mr. Ronald E. Chronister (w/enclosure)
Mr. William Kirk (w/enclosure)

Chronister, Ronald

From: Craig, Janet A. <JCRAIG@stites.com>
Sent: Tuesday, February 26, 2013 1:35 PM
To: Chronister, Ronald
Subject: FW: UPE Form A filing
Attachments: Lt2 David Hurt.pdf

Dear Ron,

Below please see the acknowledgment from the Kentucky Department of Insurance that no further filing is required with respect to the amendments to the Form A for your records. Janet

Janet A. Craig
Member
Direct: 859-226-2377
Mobile: 859-361-9527
Fax: 859-425-7937
jcraig@stites.com
STITES&HARBISON PLLC
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From: Thompson, Jay (PPC) [mailto:Jay.Thompson@ky.gov]
Sent: Tuesday, February 26, 2013 1:05 PM
To: Craig, Janet A.
Subject: UPE Form A filing

Janet,

We are in receipt of your letter informing the Kentucky Department of Insurance of the Form A filing pending with the Commonwealth of Pennsylvania. Thank you for providing this information to our Department and your assumption is correct that no further filing is required by the Kentucky Department of Insurance.

Please feel free to contact me at (502) 782-5257, if you have any further questions.

Chronister, Ronald

From: Craig, Janet A. <JCRAIG@stites.com>
Sent: Friday, February 22, 2013 3:15 PM
To: Chronister, Ronald
Subject: FW: Letter to David Hurt

You are welcome. Below is David's acknowledgment of receipt for your correspondence file. Janet

Janet A. Craig
Member
Direct: 859-226-2377
Mobile: 859-361-9527
Fax: 859-425-7937
jcraig@stites.com
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From: Hurt, David (PPC Contractor) [mailto:David.Hurt@ky.gov]
Sent: Friday, February 22, 2013 3:10 PM
To: Craig, Janet A.
Subject: RE: Letter to David Hurt

Thank you.

Have a nice weekend.

David

From: Craig, Janet A. [mailto:JCRAIG@stites.com]
Sent: Friday, February 22, 2013 2:35 PM
To: Hurt, David (PPC Contractor)
Subject: FW: Letter to David Hurt

Dear David,

I hope you are having a great Friday. Attached is the letter describing the amendments to UPE's Form A in Pennsylvania. Please let me know if you have any questions after reviewing it. Thank you. Janet

Janet A. Craig
Member
Direct: 859-226-2377
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From: Allnutt, Sharlene
Sent: Friday, February 22, 2013 2:31 PM
To: Craig, Janet A.
Subject: FW: Letter to David Hurt

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ATTORNEYS

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February 22, 2013

Janet A. Craig
(859) 226-2377
(859) 425-7937 FAX
jcraig@stites.com

David Hurt
Chief Financial Examiner
Kentucky Department of Insurance
P. O. Box 517
Frankfort, KY 40602-0517

RE:

Dear David:

On April 4, 2012, the Kentucky Department of Insurance approved UPE's Form A contingent upon the approval of the Commonwealth of Pennsylvania. As we discussed on the phone earlier this week, on January 18, 2013, UPE filed Amendment No. 2 to the Form A filed the Pennsylvania Insurance Department. While we want the Kentucky Department of Insurance to be informed of these amendments, they will not affect the Kentucky subsidiary,

The principal changes that have necessitated the filing of Amendment No. 2 in Pennsylvania are the following:

The Affiliation Agreement has been amended to reflect some changes in the Funding Commitments by Highmark to WPAHS. Those changes do not increase the total Funding Commitments of $475,000,000 as reflected in the Affiliation Agreement and the Form A filing as originally filed. The amendments to Section 2.5 relating to the Funding Commitments relate, in part, to an escrow of $50,000,000 being provided by Highmark in conjunction with a Tender Offer Transaction. The Tender Offer Transaction is described in a new Section 6.14 of the Amended Affiliation Agreement. Under the tender offer, Highmark would purchase Allegheny County Hospital Development Authority Health System Revenue Bonds (West Penn Allegheny Health System) Series 2007A from bondholders who tender their bonds. Under the terms of the tender offer, Highmark would purchase the tendered bonds for cash at a price equal to $875 per $1,000.00 of principal. Highmark estimates that at least 80% of the outstanding bonds will be tendered. Highmark has arranged for a loan of up to $600,000,000 to finance the tender. Highmark anticipates holding the bonds as investments for up to 3 years until WPAHS completes a tax-exempt bond offering and buys the tendered bonds from Highmark.

The Amendment describes two additional affiliation transactions that are part of Highmark's strategic plan to develop an integrated delivery network (IDN). The financial commitments associated with the affiliation transactions with these two community hospitals fall

within the total projected cost for implementation of the IDN as reflected in financial pro formas filed with Amendment No. 1 in July 2012.

Revised financial pro formas and business plans have been filed to reflect updated information concerning the financial results of Highmark and WPAHS and to incorporate the additional costs to Highmark associated with the tender offer transaction.

As the amendment to the Affiliation Agreement and the bond tender offer will have no impact on Highmark's subsidiary insurers, we assume that no further filing is required. If that is not a correct assumption, please let me know as soon as possible. In addition, we would appreciate acknowledgment from the Department of receipt of this letter and that our assumption is correct. Thank you.

Sincerely,

STITES & HARBISON, PLLC

Janet A. Craig

JAC

DM13:42609:440860:1:LEXINGTON

Chronister, Ronald

From: Mitchell Williams Large File Transfer <delivery@yousendit.com>
Sent: Friday, March 08, 2013 4:53 PM
To: Chronister, Ronald
Subject: TDI Filing of Amendment No 1 to Form A 03082013

A file has been sent to you

from ithelpdesk@mwlaw.com via YouSendIt.

Ms. Rider,

Attached is a pdf of today's filing with TDI. The original has been delivered to Evangeland today and the signed delivery slip is included in the .pdf.

The document is set up as a portfolio in Adobe. Just double click on document to view the all the pages of each attachment. If you have any questions or problems, please let me know.

Thank you,

Jo Ann

Jo Ann Mungia | Assistant to Betty DeLargy and Bruce McCandless
T 512.480.5138 | F 512.322.0301
jmungia@mwlaw.com | MitchellWilliamsLaw.com
106 East Sixth Street | Ste. 300 | Austin, TX 78701
Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C.

TDI Filing of Amendment No 1 to Form A 03082013 - Portfolio.PDF

Size: **83.91 MB** Content will be available for download until **March 22, 2013 12:52 PDT**.

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MITCHELL | WILLIAMS

RECEIVED MAR 1 4 2013

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March 13, 2013

VIA FEDERAL EXPRESS

The Honorable Michael D. Riley
Commissioner of Insurance
West Virginia Offices of the Insurance Commissioner
1124 Smith Street
Charleston, West Virginia 25301

Attn: Andrew R. Pauley, Esquire
General Counsel

Re: **Supplement No. 2 to Amendment No. 1 to Form A Statement** Regarding the Acquisition of Control of Highmark West Virginia, Inc. d/b/a Highmark Blue Cross Blue Shield West Virginia ("the Domestic Insurer") by UPE (the "Applicant")

Dear Commissioner Riley:

The purpose of this letter is to supplement the above-captioned Form A filing with an additional document. Enclosed is a public disk labeled **Exhibit M-1** that contains a **"public"** copy of additional projected financial statements for UPE, UPE Provider Sub and Highmark based on the assumption that the provider contract between Highmark and UPMC stays in effect long-term. The "confidential" version of this document was submitted as Exhibit M in Supplement No. 1 to Change No. 2 to Form A Statement dated March 8, 2013.

We appreciate your assistance and courtesy in working with us on this matter.

Very truly yours,

MITCHELL, WILLIAMS, SELIG,
GATES & WOODYARD, P.L.L.C.

By Frederick K. Campbell

FKC:ka
Enclosure

UPE-0022839

cc: J. Fred Earley II, Esquire (w/enclosures)
Linda Beckman, Esquire (w/enclosures)
John Sencak, Esquire (w/enclosures)
Richard J. Enterline, Esquire (w/enclosures)
Ronald E. Chronister, Esquire (w/enclosures)

MITCHELL || WILLIAMS

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February 28, 2013

VIA FEDERAL EXPRESS

The Honorable Michael D. Riley
Commissioner of Insurance
West Virginia Offices of the Insurance Commissioner
1124 Smith Street
Charleston, West Virginia 25301

Attn: Andrew R. Pauley, Esquire
General Counsel

Re: Amendment No. 1 to Form A Statement Regarding the Acquisition of Control of Highmark West Virginia, Inc. d/b/a Highmark Blue Cross Blue Shield West Virginia ("the Domestic Insurer") by UPE (the "Applicant")

Dear Commissioner Riley:

Pursuant to West Virginia Code § 33-27-1 *et seq.*, and Regulation Series 35, we are enclosing for filing on behalf of the Applicant three copies of Amendment No. 1 to Form A Statement dated January 11, 2012, regarding the above-captioned change of control of the Domestic Insurer. It was our understanding that no filing fee was required for the Form A, and therefore we are not enclosing a filing fee with this submission. If one is required, please let us know and we will promptly send it.

Included with Amendment No. 1 are disks that contain Exhibits A, B, D, E, F, G, H, I and J. Exhibits A, B, D, G and I are public information and may be treated as such. However, Exhibits E, F, H and J are marked "CONFIDENTIAL" and were submitted to the Pennsylvania Insurance Department with a request that they be treated as confidential under Pennsylvania law. Therefore, we ask that these documents be afforded confidential treatment and be excepted from disclosure (to the fullest extent permitted under West Virginia law) because they contain personal and/or proprietary information which we wish to remain as confidential. The Applicant also requests that it be notified in advance if any person requests access to any of these documents so that it has the opportunity to take action to prevent or limit any such disclosure.

We appreciate the continued courtesy of the West Virginia Offices of the Insurance Commissioner in working with us on this matter.

Sincerely,

MITCHELL, WILLIAMS, SELIG,
GATES & WOODYARD, P.L.L.C.

By Frederick K. Campbell

FKC:dl
Enclosures
cc: J. Fred Earley II, Esquire (w/enclosures)
Linda Beckman, Esquire (w/enclosures)
John Sencak, Esquire (w/enclosures)
Richard J. Enterline, Esquire (w/enclosures)
Ronald E. Chronister, Esquire (w/enclosures)

AMENDMENT NO. 1

to

FORM A
STATEMENT REGARDING THE ACQUISITION OF CONTROL OF OR MERGER WITH A DOMESTIC INSURER

HIGHMARK WEST VIRGINIA, INC.
d/b/a Highmark Blue Cross Blue Shield West Virginia
(the Domestic Insurer)

By

UPE
(the Applicant)

a Pennsylvania nonprofit corporation

Filed with the West Virginia Offices of the Insurance Commissioner
February 28, 2013

Persons to whom notices and correspondence should be addressed:

Frederick K. Campbell, Esquire
Mitchell, Williams, Selig, Gates & Woodyard, PLLC
425 West Capitol Avenue, Suite 1800
Little Rock, Arkansas 72201-3525
(501) 688-8882
FAX: (501) 918-7882

S. Doak Foster, Esquire
Mitchell, Williams, Selig, Gates & Woodyard, PLLC
425 West Capitol Avenue, Suite 1800
Little Rock, Arkansas 72201-3525
(501) 688-8841
FAX: (501) 918-7841

with copies to:

Linda Beckman, Esquire
Associate Counsel
Highmark Blue Cross Blue Shield West Virginia
614 Market Street
Parkersburg, West Virginia 26101

Item 1. Insurer and Method of Acquisition.

Domestic Insurer

No change.

Method of Acquisition

As a result of further talks between Highmark and WPAHS since UPE's filing of the Form A with the West Virginia Offices of the Insurance Commissioner (the "WVOIC") on January 11, 2012, the Affiliation Agreement has been amended pursuant to an Amendment No. 1 to Affiliation Agreement (dated January 22, 2013). A copy of Amendment No. 1 to the Affiliation Agreement is attached hereto as **Exhibit I.**[1] Revised Schedules to the Affiliation Agreement are attached hereto as **Exhibit J**. Such revised Schedules to the Affiliation Agreement are filed in a sealed envelope marked "Confidential." The Applicant understands that the revised Schedules to the Affiliation Agreement will be afforded confidential treatment and requests that the Applicant (i) be notified in advance of any proposed disclosure by the WVOIC and (ii) be given a reasonable opportunity to seek a protective order or take other action to prevent or limit any such disclosure.

(a) Basic Structure of the Amended WPAHS Affiliation Transaction, Tender Offer and Financing

At closing under the Affiliation Agreement, a new nonprofit parent company, UPE, will become the sole corporate member (as defined in 15 Pa. C.S.A. § 5103) within a new class of membership that will be established in Highmark. UPE was formed on October 20, 2011 by filing of Articles of Incorporation with the Pennsylvania Department of State, a copy of which is included in the Form A (*see "Exhibit A" to the Affiliation Agreement*). A copy of the Bylaws of UPE is also included in the Form A (*see "Exhibit B" to the Affiliation Agreement*). Amendments to the Bylaws have occurred since the filing of the Form A, and a copy of the Amended and Restated Bylaws of UPE which will become effective at the Closing of the transaction is attached to the Affiliation Agreement and included herein as "Exhibit B (Revised)."

UPE will hold all rights in this new class of corporate membership in Highmark which will be created and exist in addition to the current class of members which consists of members of the Board of Directors of Highmark. Highmark will maintain its Board of Directors which will continue to have significant control over operations. UPE will also hold certain reserved powers with respect to Highmark. All initial Directors of UPE will be drawn from the Directors of Highmark. A copy of the Second Amended and Restated Bylaws of Highmark is included in the Form A (*see "Exhibit E" to the Affiliation Agreement*). A redlined copy of the Second Amended and Restated Bylaws of Highmark which will be effective at the Closing of the transaction is attached to the Affiliation Agreement and included herein as "Exhibit E (Revised)."

[1] Exhibits A through H are appended to the Form A.

UPE is the sole corporate member of a new nonprofit subsidiary of UPE, UPE Provider Sub. UPE Provider Sub was formed on October 20, 2011, by filing of Articles of Incorporation with the Pennsylvania Department of State, a copy of which is included in the Form A (*see "Exhibit C" to the Affiliation Agreement*). A copy of the Bylaws of UPE Provider Sub is included in the Form A (*see "Exhibit D" to the Affiliation Agreement*). A copy of the Amended and Restated Bylaws of UPE Provider Sub which will be effective at the Closing of the transaction is attached to the Affiliation Agreement and included herein as "Exhibit D (Revised)."

UPE Provider Sub will become the sole member of WPAHS which in turn is the parent company of various entities in the WPAHS health system of hospitals and other healthcare providers. UPE and UPE Provider Sub will each have certain reserved powers in WPAHS, and a majority of the Board of WPAHS will be appointed by UPE. A copy of the Amended and Restated Bylaws of WPAHS which will become effective at the Closing is attached to the Affiliation Agreement and included herein as "Exhibit F (Revised)."

1. Conditions to Closing

Numerous conditions exist to the parties' obligation to close the transaction, including those of the WVOIC, the Pennsylvania Insurance Department (the "PID"), the Pennsylvania Department of Health, and the Pennsylvania Office of Attorney General.

2. Other Features

Among other significant features of the Affiliation Agreement:

- WPAHS has agreed that it will not pursue any comparable transaction or affiliation while the WPAHS Affiliation Agreement is pending.
- Both parties agree that for a period of four years (i) they will not make any material change to WPAHS's operations that would be inconsistent with WPAHS's federal income tax-exempt status and (ii) WPAHS will continue to operate in accord with its existing charity care policies.
- Contemporaneous with the Closing the pending litigation between Highmark and WPAHS related to the transaction will be dismissed and general releases will be exchanged.

(b) Additional Affiliation Transactions

Since the filing of the Form A, in addition to the Affiliation Agreement with WPAHS, Highmark has also entered into an affiliation agreement with Jefferson Regional Medical Center ("JRMC") and has negotiated a term sheet regarding an affiliation with Saint Vincent Health Systems ("SVHS"), both of which are discussed more fully below. The transactions relating to JRMC and SVHS do not require approvals by the PID.

1. General Description of the JRMC Affiliation Transaction

UPE, UPE Provider Sub and Highmark have entered into an affiliation agreement with JRMC, Jefferson Regional Medical Center Foundation, and various JRMC subsidiaries dated August 13, 2012, which sets forth both the organizational structure contemplated by the transaction as well as certain ongoing commitments to JRMC and its community.

a. Funding Commitments

Highmark has agreed to make available to JRMC grants in an aggregate amount up to $100 million to finance certain capital expenditure projects. An initial grant in the amount of $21 million (from the up to $100 million aggregate amount) is to be made at Closing, as an unrestricted contribution to JRMC, and is to be utilized for such charitable purposes as JRMC determines.

Highmark has further agreed, subject to certain limitations, to guarantee the payment of debt, pension, and all other liabilities of JRMC on the books as of March 31, 2012, or to provide another structural solution which will provide JRMC with the same financial support.

In order to make a significant contribution to the local community, Highmark has also agreed to make a monetary contribution in the amount of $75 million to the JRMC Foundation, to be made in installments by January 1, 2014.

b. Conditions to Closing

Numerous conditions exist to the obligation of the parties to close the transaction, including various regulatory approvals that must be obtained.

2. General Description of the SVHS Affiliation Proposed Terms

Highmark and Saint Vincent Health System ("SVHS") have entered into an Amended and Restated Term Sheet dated October 19, 2012 (the "Term Sheet"), and are in the process of negotiating a binding affiliation agreement related to a transaction whereby the Pennsylvania nonprofit corporation now known as UPE Provider Sub will become the sole corporate member of SVHS and/or Saint Vincent Health Center ("SVHC").

Among the significant features of the Term Sheet are the following:

a. ***Funding Commitments.*** Highmark has agreed to make the following payments/investments: (a) $10 million payment to the Sisters of St. Joseph of Northwestern Pennsylvania (the "Sisters") in exchange for consideration described in the Term Sheet; (b) $5 million investment in capital projects for SVHS to support the healthcare mission of the Sisters; and (c) $20 million cash investment in SVHS.

b. ***Capital Commitments.*** Highmark has committed to supporting the long term capital plans of SVHS, including assistance with capital sourcing and budgeting from internal and external sources. Highmark has also agreed to work with SVHS on payment systems, new clinical programs, group purchasing, and other management/administrative tools that will result in operational efficiencies. It is intended that Highmark will permit SVHS over the next 3 years to reinvest an amount equal to the annual depreciation expense of SVHS to maintain and enhance the existing facilities and physical assets, including the purchase of new assets, at SVHS, SVHC and their subsidiaries, which amount is expected to be approximately $14 million annually.

c. ***Organizational Structure.*** It is contemplated that upon Closing of the transaction, the SVHS and SVHC Boards will be structured so that seventy-five percent (75%) of such Boards' composition will be elected by UPE. The other twenty-five percent (25%) of each such Board will be elected pursuant to a structure to be developed by SVHS/SVHC (with input from Highmark and UPE).

d. ***Financial Limits.*** Highmark has stated that for a period of three (3) years after Closing: (a) Highmark does not intend to take any action that would result in the bankruptcy of SVHS nor does it intend to compromise the principal amount of SVHS' existing long term debt; and (b) Highmark agrees not to transfer any cash or investments of SVHS to any other entity controlled by Highmark.

e. ***Banking Assistance.*** Highmark has committed to providing assistance to SVHS in extending or replacing its existing lines of credit which currently support its variable rate demand bonds.

Item 2. Identity and Background of the Applicant.

(a) Name and Address of Applicant

No change.

(b) Nature of the Applicant's Business Operations

Applicant was formed on October 20, 2011, as a non-member Pennsylvania nonprofit corporation. The Corporation was organized for scientific, educational and charitable purposes and filed an application with the Internal Revenue Service requesting that Applicant be recognized as exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. By letter dated March 3, 2012, the Internal Revenue Service advised UPE that its application for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code was approved and the corporation was determined to be tax-exempt. At the Closing of the WPAHS affiliation, Applicant will be the sole member of the class of members of

Highmark which will elect Highmark's Board of Directors and the sole member of UPE Provider Sub which in turn will be the sole member of WPAHS, JRMC, and SVHS/SVHC.

(c) Chart of the Applicant and all Affiliates of the Applicant.

An updated chart reflecting the identities and organization of Highmark and its affiliates is attached hereto as **Exhibit B (Updated)**. Since UPE's filing of the Form A, the following changes to the organizational chart of Highmark have been made:

1. Optimus 28 Management, LLC changed its name to Wexford Medical Mall LLC.
2. Protoco PPI LLC changed its name to Provider PPI LLC.
3. Protoco Supply Chain Services LLC changed its name to Provider Supply Chain Services LLC.
4. Inviva Eyewear, S.A. and its direct subsidiary, Viva Eyewear Portugal, were removed as subsidiaries of Viva Eyewear UK Ltd.
5. Eyemasters, Inc. changed its name to Visionworks, Inc.
6. ECCA Enterprises, Inc. changed its name to Visionworks Enterprises, Inc.
7. ECCA Distribution Services, Inc. changed its name to Visionworks Distribution Services, Inc.

An updated chart reflecting the identities and proposed organization of UPE and its affiliates is attached hereto as **Exhibit D (Updated)**.

Item 3. Identity and Background of Individuals Associated with the Applicant.

(a) Names and Business Addresses

The directors of UPE currently are: William Winkenwerder, Jr., M.D., J. Robert Baum, Ph.D., David A. Blandino, M.D., David J. Malone, David M. Matter, and Victor A. Roque. The interim officers of UPE effective February 1, 2013, are J. Robert Baum (President and CEO), Thomas J. Nigra (Treasurer), and Jacqueline M. Bauer (Secretary). At Closing, the officers of UPE will be William Winkenwerder, Jr., M.D. (President and CEO), Thomas L. VanKirk (Secretary), and Nanette P. DeTurk (Treasurer). Biographical affidavits for William Winkenwerder, Jr., M.D., Thomas L. VanKirk, and Nanette P. DeTurk are attached hereto as **Exhibit E (Updated)**. Such biographical affidavits are filed in a sealed envelope marked "Confidential." The Applicant understands that the biographical affidavits will be afforded confidential treatment and requests that the Applicant (i) be notified in advance of any proposed disclosure by the WVOIC and (ii) be given a reasonable opportunity to seek a protective order or take other action to prevent or limit any such disclosure.

Information on file with the WVOIC accurately reflects the biographical information of the individuals who will be officers and directors of UPE upon closing of the transaction. The business addresses of the directors and senior officers of the Applicant listed above are included in the biographical affidavits for such persons that were attached as Exhibit E to the Form A.

(b) Present Principal Business Activity, Occupation or Employment

No change.

(c) Material Occupations, Positions, Offices or Employment.

No change.

(d) Criminal Proceedings.

No change.

Item 4. Nature, Source and Amount of Consideration.

There will be no cash consideration or exchange of any voting stock of Highmark or any of Highmark's subsidiaries or affiliates. Upon closing of the affiliation between Highmark and WPAHS, UPE will become the Ultimate Controlling Person of the Domestic Insurer, as that term is defined in W. Va. CSR § 114.35-2.9.

However, under the terms of the Affiliation Agreement, as amended, Highmark has agreed to provide funding to WPAHS as follows:

a) $50 million was funded on June 28, 2011, at the time of the execution of the term sheet in order to make capital improvements and fund operations at WPAHS.

b) $100 million was funded on the signing of the Affiliation Agreement and a third funding in the amount of $50 million was made on April 27, 2012.

c) In 2007, the Allegheny County Hospital Development Authority issued series 2007A revenue bonds for WPAHS. In an effort to reduce WPAHS' outstanding debt and strengthen its balance sheet, Highmark, WPAHS, and WPAHS bondholder representatives reached an agreement whereby Highmark would purchase $726 million in the outstanding bonds for cash at 87.5% of par amount. The agreement would allow WPAHS to restructure its debt without having to declare bankruptcy. Provided that a sufficient number of bondholders of WPAHS agree with Highmark to tender their bonds, Highmark will launch a tender offer to purchase their bonds as well as all other bonds. In connection with entering into the tender agreements with the bondholders, Highmark will place $50 million into an escrow account or post a $50 million letter of credit to secure Highmark's performance with regard to the tender offer. If the closing

occurs on or before April 30, 2013, or any agreed upon extension of that date, the $50 million and another $50 million from Highmark will be advanced to WPAHS at the closing in the form of a loan. If the closing does not occur by April 30, 2013, or any agreed upon extension of that date, the $50 million escrow amount will be paid to WPAHS.

d) An additional funding commitment in the form of a loan of $100 million (conditioned upon the Closing of the WPAHS Affiliation Agreement) will be advanced on the later of the Closing or April 1, 2014; this funding commitment will be reduced by any positive cash flow of the WPAHS affiliated organizations.

e) Highmark will fund $75 million at the time of Closing, less any advances against such amount up to $33.6 million made by Highmark to WPAHS prior to the Closing to pay certain of WPAHS's obligations coming due prior to the Closing.

f) Highmark also will provide $10 million of supplemental payments to WPAHS in each of the next five (5) years as part of its provider rate negotiations. This increase is equivalent to the standard medical index.

g) Beyond the funding commitments described above and a projected one-time contribution of $1 million to UPE for operating purposes, Highmark has no additional obligation to provide funding or to assume any liabilities of WPAHS and its affiliates.

h) Highmark has secured a commitment from a commercial lender for an aggregate $600 million of secured financing to acquire the tendered WPAHS bonds. The financing will be in the form of a term loan maturing three (3) years from the Closing date and will be secured by a pledge by Highmark of cash, cash equivalents, and marketable securities that will remain with the current custodian. The commitment for the proposed loan includes other ordinary and customary terms and covenants. While Highmark fully expects to execute definitive loan documents on or before the expiration date of the tender, in the event that it is unable, for any reason, to consummate the loan transaction, it will finance the purchase of the bonds with its own cash and cash equivalents and the liquidation of other marketable securities in its investment portfolio. At December 31, 2012, Highmark had sufficient cash equivalents and marketable securities available for such purpose, which excludes restricted assets. Highmark has reviewed the customary terms and covenants of the proposed loan and anticipates that it will be in compliance with all terms and covenants of the proposed and all other existing debt agreements. Highmark anticipates holding the bonds as investments for a period of up to three years until WPAHS completes a tax-exempt bond offering and buys back the bonds from Highmark. While the bonds will be classified as below-investment-

grade securities, Highmark will remain in compliance with state insurance laws and regulations relating to investment restrictions, and will also remain in compliance with Highmark's investment policy, subject to formal approval by the Investment Committee of the Highmark Board of Directors. The average quality of Highmark's fixed income investment portfolio will remain investment-grade.

Item 5. Future Plans of Insurer.

No change.

Item 6. Voting Securities to be Acquired.

No change.

Item 7. Ownership of Voting Securities.

No change.

Item 8. Contracts, Arrangements, or Understandings with Respect to Voting Securities of the Domestic Insurer(s).

No change.

Item 9. Recent Purchases of Voting Securities.

No change.

Item 10. Recent Recommendations to Purchase.

No change.

Item 11. Agreements with Broker-Dealers.

No change.

Item 12. Financial Statements and Exhibits.

Exhibit A - Affiliation Agreement

Exhibit B (Revised): *Replacing Exhibit B to the Affiliation Agreement with Amended & Restated bylaws of UPE which will become effective at Closing of transaction.*

Exhibit D (Revised): *Replacing Exhibit D to the Affiliation Agreement with Amended & Restated Bylaws of UPE Provider Sub which will become effective at Closing of transaction.*

Exhibit E (Revised): *Replacing Exhibit E to the Affiliation Agreement with a redlined copy of the Amended & Restated Bylaws of Highmark which will become effective at Closing of transaction.*

Exhibit F (Revised): *Replacing Exhibit F to the Affiliation Agreement with Amended and Restated Bylaws of WPAHS which will become effective at the Closing of transaction.*

Exhibit B (Updated) – Pre-Affiliation Organizational Chart of Highmark

Replacing Exhibit B to the Form A with an updated chart reflecting the identities and organization of Highmark and its affiliates.

Exhibit C – Pre-Affiliation Organizational Chart of WPAHS

No change.

Exhibit D (Updated) – Post-Affiliation Organizational Chart of UPE

Replacing Exhibit D to the Form A with an updated chart reflecting the identities and proposed organization of UPE and its affiliates.

Exhibit E (Updated) – Biographical Affidavits of UPE Officers and Directors (CONFIDENTIAL)

Supplementing to add Biographical Affidavits for William R. Winkenwerder, Jr., Thomas L. VanKirk, and David M. Matter.

Exhibit F – Highmark's Combined GAAP Financial Statements (CONFIDENTIAL)

Supplementing to add Highmark's Combined GAAP Financial Statement for the year ended December 31, 2011. Such updated GAAP Financial Statement is filed in a sealed envelope marked "Confidential." The Applicant understands that the GAAP Financial Statement will be afforded confidential treatment and requests that the Applicant (i) be notified in advance of any proposed disclosure by the WVOIC and (ii) be given a reasonable opportunity to seek a protective order or take other action to prevent or limit any such disclosure.

Exhibit G – Statutory Financial Statements for Highmark and its Insurance Subsidiaries

Supplementing to add Annual Statutory Financial Statements for the year 2011 for Highmark and its Insurance Subsidiaries, and Quarterly Statutory Financial Statements for the quarters ending March 31, 2012, June 30, 2012, and September 30, 2012 for Highmark and its Insurance Subsidiaries.

Exhibit H – UPE Financials/Proformas (CONFIDENTIAL)

Supplementing to add updated UPE Financials/Proformas. Such updated UPE Financials/Proformas are filed in a sealed envelope marked "Confidential." The Applicant understands that the updated UPE Financials/Proformas will be afforded confidential treatment and requests that the Applicant (i) be notified in advance of any proposed disclosure by the WVOIC and (ii) be given a reasonable opportunity to seek a protective order or take other action to prevent or limit any such disclosure.

Exhibit I – Amendment No. 1 to Affiliation Agreement dated January 22, 2013

Exhibit J – Revised Schedules to the Affiliation Agreement (CONFIDENTIAL)

Item 13. Signature and Certification.

Pursuant to the requirements of Article 27 of the West Virginia Insurance Code and Series 35 of the West Virginia Code of State Rules, UPE has caused this Application to be duly signed on its behalf in the City of Pittsburgh and Commonwealth of Pennsylvania on the 27th day of February, 2013.

(SEAL)

UPE

By: _____
J. Robert Baum Title: President

Attest:
By: _____ Title: Secretary
Jacqueline M. Bauer

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached application dated February 27, 2013 for and on behalf of UPE, that he is the President of such company and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.

Signature: _____
J. Robert Baum